

Message Text

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PAGE 01 ABU DH 01100 131818Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FEAE-00 FPC-01 H-01
INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
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P R 111119Z APR 77
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC PRIORITY 5927
INFO AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMCONSUL DHAHRAN

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C O R R E C T E D C O P Y FOR MRN 1100 VICE 110

E.O. 11652: N/A
TAGS: ENRG, BENC, TC
SUBJ: FLOUR AND BECHTEL SIGN MAJOR CONTRACTS FOR ABU DHABI
ON-SHORE GAS UTILIZATION PROJECT.

REF: (A) ABU DHABI 1061, (B) 76 ABU DHABI 2622

SUMMARY: ADNOC SIGNED APRIL 9 TWO SEPARATE CONTRACTS
WITH BECHTEL CORP. AND FLUOR CORP TO DESIGN AND SUPERVISE
CONSTRUCTION OF \$1.2 BILLION GAS GATHERING AND LIQUIFI-
CATION PLANTS FOR ABU DHABI ON-SHORE OILFIELDS WHICH WILL
BE UAE'S MOST SIGNIFICANT AND EXPENSIVE INDUSTRIAL PLANT.
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SIGNING HAD BEEN HELD IN ABEYANCE PENDING OUTCOME OF
DISCUSSIONS BETWEEN ADNOC AND ADPC PARTNERS WHICH FINALLY
COLLAPSED LAST WEEK (REF A). END SUMMARY.

1. SHAIKH TAHNUN, ADNOC BOARD CHAIRMAN APRIL 9
SIGNED TWO AGREEMENTS WITH BECHTEL AND FLUOR TO
GET UNDERWAY LONG MOOTED GAS GATHERING AND LIQUI-

FICATION SCHEME. (SEE REF B). UNDER CONTRACT BECHTEL WILL DESIGN AND SUPERVISE CONSTRUCTION OF PROJECT IN BU HASA OIL FIELD (ESTIMATED COST 200 MILLION) AND THE GAS SEPARATION PLANT AT RUWAIS (ESTIMATED COST \$550 MILLION). PRODUCTION FROM BU HASA AND THE RUWAIS PLANT SHOULD BE IN OPERATION BY JANUARY 1980. (BECHTEL HAS DONE CONSIDERABLE PRELIMINARY WORK ON BOTH PROJECTS.) FLUOR'S CONTRACT CALLS FOR DESIGN AND SUPERVISION OF GAS GATHERING PROJECTS IN THE ASAB, BAB AND SAHIL OIL FIELDS. (ESTIMATED COST WILL BE \$450 MILLION.) OPERATIONS ARE SCHEDULED TO BEGIN BY OCTOBER, 1980. TOTAL CONSTRUCTION WORK FORCE IS LIKELY TO BE 4000 MEN.

2. PROJECT WILL SEPARATE PROPANE, BUTANE AND NATURAL GAS LIQUIDS AND TRANSPORT THEM TO BE BUILT AT RUWAIS. GAS PROJECT WILL PRODUCE INITIALLY 3 MILLION TONS OF PROPANE AND BUTANE PER YEAR AND 2 MILLION TONS OF NATURAL GAS LIQUIDS. (OVERALL PRODUCTION IN LPG AND NGL TO RISE TO 7 MILLION TONS IN NEXT STAGE.) ADNOC SOURCE ESTIMATES THAT ABOUT \$600 MILLION REVENUE CAN BE GENERATED FROM FIRST STAGE SALES MAINLY TO JAPAN. ETHANE AND METHANE GAS WILL NOT BE CONVERTED TO FAG BUT USED TO POWER STATIONS IN ABU DHABI AND AS FEED STOCK FOR FERTILIZER, PETROCHEMICAL AND OTHER PROJECTS PLANNED FOR JEBAL DHANNA/RUWAIS INDUSTRIAL AREA.

3. ADNOC SOURCEU NOTED THAT AGREEMENTS COULD HAVE BEEN LIMITED OFFICIAL USE

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SIGNED ANY TIME DURING LAST SIX MONTHS BUT WERE HELD IN SUSPENSE PENDING TALKS BETWEEN ADNOC AND FOREIGN OIL COMPANIES ABOUT THEIR POSSIBLE PARTICIPATION. WITH BREAKDOWN OF THESE TALKS LAST WEEK (REF A), ADNOC WAS GIVEN GREEN LIGHT TO PROCEED ON ITS OWN. WHILE ADNOC SAYS IT STILL WELCOMES FOREIGN OIL PARTICIPATNTS, NOW MORE THAN EVER FOREIGN COMPANIES WILL BE FACED WITH BUYING INTO ADNOC STRUCTURED AND DEFINED PROJECT ON ADNOC'S TERMS.

4. COMMENT: THIS IS EMIRATES LARGEST AND MOST SIGNIFICANT PROJECT AND WILL ESTABLISH UNDERPINNING FOR UAE'S INDUSTRIAL DEVELOPMENT AND DIVERSIFICATION FOR NEXT GENERATION. ALTHOUGH ON SMALLER SCALE, PROJECT IN RELATIVE TERMS WILL BE AS SIGNIFICANT A LYNCH-PIN IN UAE'S FUTURE ECONOMIC LIFE AS IS GAS-GATEHRING PROJECT IN EASTERN PROVINCE OF SAUDI ARABIA. CONTRACTS SIGNED APRIL 9 ARE BUT A BEGINNING OF MAJOR DEVELOPMENT PROGRAM IN RUWAIS WHEN TOTAL INVESTMENTS FOR

HYDRO-CARBON RELATED AND OTHER INDUSTRY AND
NECESSARY INFRASTRUCTURE ARE EXPECTED TO EXCEED
\$10 BILLION OVER NEXT EIGHT YEARS. PROJECT OF
THIS MAGNITUDE WILL PLACE A VERY SIGNIFICANT CLAIM
ON FUTURE UAE HUMAN AND FINANCIAN RESOURCES.
DICKMAN

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 11-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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